



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
TE/GE – EO Mandatory Review
1100 Commerce Street, MC 4920-DAL
Dallas, TX 75242

Number: **200903084**

Release Date: 1/16/2009

UIL:501.03-01

LEGEND

ORG = Organization name

XX = Date

Address = address

Date: September 23, 2008

ORG
ADDRESS

Employer Identification Number:

Person to Contact:

Identification Number:

Contact Telephone Number:

In Reply Refer To:

TE/GE Review Staff

LAST DAY FOR FILING A

PETITION WITH TAX COURT:

December 22, 20XX

Certified Mail – Return Receipt Requested

Dear :

This is a Final Adverse Determination revoking your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reasons:

ORG has failed to provide evidence that you are currently operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3). You are not a charitable organization within the meaning of Treasury Regulations 1.501(c)(3)-1(d) in that you have failed to establish that you were operated exclusively for an exempt purpose. You received correspondence from the IRS requesting information to conduct an examination of your activities and operations for the year ended December 31, 20XX; however, you did not respond to our request for documentation to substantiate your activities and fiscal operations. Section 1.6033-2(h)(2) of the Income Tax Regulations provides, in part, that every organization which is exempt from tax, shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status.

Based upon the above, we are revoking your organization's exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code effective January 1, 20XX.

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

You are required to file Federal income tax return Form 1120. These returns should be filed with the appropriate Internal Revenue Campus for the year ending December 31, 20XX and for all years thereafter.

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment.

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers. You can call and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate from the site where the tax exempt status was determined by calling faxing or writing to: Internal Revenue Service, Taxpayer Advocates Office.

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals process, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

We will notify the appropriate State Officials of this action, as required by section 6104(c) of the Internal Revenue Code.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Vickie Hanson
Acting Director, EO Examinations



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service
TE:GE/EO Examinations
1100 Commerce Street
Dallas, TX 75242

August 2, 2007

ORG
ADDRESS

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

Certified Mail - Return Receipt Requested

Dear

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez
Director, Exempt Organizations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer	Tax Identification Number		Year/Period ended
ORG			December 31, 20XX

LEGEND

ORG = Organization name XX = Date

Government's Position Cont'd:

In *Church of Gospel Ministry Inc. v United States of America*, the court affirmed the determination of the IRS's revocation. The organization's 501(c)(3) status was revoked because the taxpayer failed to sustain its burden to show that it was qualified for federal tax exemption as a corporation organized and operated exclusively for religious and charitable purposes. The organization failed to keep adequate records to determine the full nature of its operations and failed to show that its operations did not inure in part to the private benefit of its officers.

Both case references contain similar characteristics to the organization at hand. ORG has not provided evidence to validate the organization's operations.

Taxpayer's Position:

The organization has not responded to any requests for information and, as such, their position is unknown.

Conclusion:

ORG has failed to establish that: (1) It operated exclusively for religious, charitable, or other exempt purposes; (2) that no part of its net earnings inured to the benefit of a private shareholder or individual; and (3) that the taxpayer maintains records sufficient to demonstrate that it is entitled to tax-exempt status and, therefore, does not continue to qualify for exemption under IRC 501(a) as an organization described in 501(c)(3) of the Internal Revenue Code.

ORG exempt status under IRC 501(a)(1) as an organization described in section 501(c)(3) of the Internal Revenue Code should be revoked effective July 1, 20XX.

Upon revocation, ORG will not be responsible for filing annual Form 990 returns but will be required to file Form 1120 for all future periods, whether or not there is any taxable income.

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS	Schedule number or exhibit
Name of taxpayer ORG	Tax Identification Number	Year/Period ended December 31, 20XX

LEGEND

ORG = Organization name XX = Date

Issues:

Does ORG continue to qualify for exemption as an organization described in IRC 501(C)(3)?

Is ORG responsible for filing annual Form 990 returns?

Facts:

ORG (ORG) was granted tax exempt status under IRC section 501(a)(1) in March 19XX. The support schedule submitted to the Service on behalf of ORG reveals the organization is required to file an annual Form 990 as its gross revenues are in excess of \$. Multiple attempts to schedule an appointment to conduct an examination of the organization for the year ending December 31, 20XX have been unsuccessful. All attempts to locate the organization, contact prior officers and confirm the organization's activity have also been unsuccessful.

Law:

Section 501(a) of the Internal Revenue Code (IRC) provides, in part, that an organization described in IRC 501(c) shall be exempt from taxation unless such exemption is denied under Section 502 or Section 503. The following organizations are referred to in subsection (a): corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, and which does not participate in, or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office

The regulations under IRC 501(c)(3) provide organizational and operational tests that must be passed in order to obtain exempt status. Failure to meet either the organizational or operational test negates an organization's exempt status. Treas. Reg. 1.501(c)(3)-1(a)(1)

An organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status. Treas. Reg. 1.6033-2(i)(2)

Government's Position:

ORG has not responded to multiple appointment letters and has not provided any information that would allow the Service to make a correct determination about the organization's exempt status. According to an informant and individuals unrelated to ORG the organization has ceased to operate.

Failure to provide evidence of operating as an exempt organization may result in revocation of an entity's exempt status. In *United Libertarian Fellowship Inc. v. Commissioner of Internal Revenue*, T.C. Memo 1993-116 the court held that the taxpayer, by refusing to disclose requested information, left the court with no choice but to draw the conclusion that the facts, if disclosed, would show that the taxpayer failed to meet the requirements of Internal Revenue Code Section 501(c)(3).